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Shultz Troubled by Reports Linking Panama Strongman to Drugs, Spying for Cuba

WASHINGTON (AP)—Secretary of State George P. Shultz said Thursday that he is concerned about reports linking Panama's military leader to drug trafficking, passage of secrets to Cuba, gun-running and money laundering.

A spokesman for Shultz, Bernard Kalb, said that "an examination of these allegations would appear to be a matter for consideration by the government of Panama."

The New York Times and NBC, quoting U.S. sources, reported that Gen. Manuel A. Noriega, head of the Defense Forces of Panama, has been linked to illegal activities, including the slaying of a critic of that nation's military. The Defense Forces, formerly the National Guard, are Panama's sole military and police organization.

"Activities of that kind are obviously of importance and concern to us," Shultz said in response to reporters' questions in the State Department lobby.

Medal Bestowed

Noriega was in Washington on Wednesday to bestow a Panamanian medal on Lt. Gen. John M. Schweitzer, outgoing chairman of the Inter-American Defense Board. But "no State Department official met with General Noriega during his visit or had any discussion with him concerning these stories," the department said in a statement.

"General Noriega was on a private visit here, and as far as we are aware, his contacts with U.S. government officials were confined to the ceremony," the department said.

Noriega is widely viewed as his country's strongman, controlling Panama's civilian leadership. As the site of the Panama Canal and other vital installations, Panama holds a key strategic position in U.S. security arrangements in the Western Hemisphere.

Panama is also an active U.S. listening-post in Central America and the Caribbean basin at a time when the Reagan Administration is trying to contain what it says are aggressive campaigns by Cuba and Nicaragua to disrupt the region.

Closed Hearings

On its "Today" program, NBC reported that many of the allegations against Noriega were outlined by intelligence officials at recent closed-door congressional subcommittee hearings.

"I'm not able to give much light on that here in public but suffice it to say that the charges are serious . . . and they certainly do have implications for both regional and U.S. security," Sen. Sam Nunn (D-Ga.) said.

On Capitol Hill, a House committee announced hearings on the allegations. Ranking committee members from both parties said that if the charges are true, the United States should reassess its relationship with the government of Panama.

Rep. Charles B. Rangel (D-N.Y.), chairman of the House Select Committee on Narcotics Abuse and Control, announced that the committee would hold hearings at a date to be announced after witnesses are confirmed.

Rangel said the committee has asked for an intelligence briefing by the CIA, the State Department, the Drug Enforcement Administration, Customs Service, the Defense Department and the National Security Agency.

He asked President Reagan to "recall the U.S. ambassador to Panama immediately to review these allegations, and if they prove true, to begin a complete reevaluation of our current relationship with Panama."

"We cannot allow diplomatic concerns to override our efforts to control drug trafficking and abuse which also poses a grave threat to our national security," Rangel said.

Rep. Benjamin A. Gilman of New York, the ranking Republican on the committee, said the allegations ". . . are serious charges that require a complete investigation by the Congress and the intelligence community. If these charges are true, then we must reassess our entire relationship with the government of Panama."

Newspaper's Report

The New York Times said that intelligence officials believe Noriega purchased U.S. National Security Agency secrets from an American sergeant in the late 1970s and passed them to the Cubans. At the same time, Noriega has been helping the CIA get important military information about Cuba and Nicaragua, the newspaper said.

Noriega has also supplied guns to Cuban-supported M-19 rebels in Colombia, the newspaper said. M-19 has been blamed for last year's attack on the Colombian Supreme Court, in which 12 judges were killed, and has been listed at the State Department as one of the world's most dangerous terrorist organizations.

The Times, citing U.S. sources, said that Noriega runs most of the significant money-laundering operations in Panama and has invested in companies involved in drug shipments, including an opium processing plant on the Panama-Colombia border, vastly augmenting his \$1,200-a-month salary as commander of the Defense Forces.

According to NBC, Noriega lives in a well-guarded villa, owns a fleet of expensive cars and flies five or six times a year to Zurich to deposit money in a Swiss bank account.

Spadafora Killing

The New York Times said that American officials also have linked Noriega to the September, 1985, slaying of Dr. Hugo Spadafora, a leading critic of the Panamanian Defense Forces.

The article quoted a White House official as saying "there is no doubt" that Noriega was directly implicated in the killing. After Spadafora's decapitated body was found in neighboring Costa Rica, Panamanian President Nicolas Arango Barletta was set to name an investigating commission, but the Defense Forces obliged him to resign.

Army Capt. Eduardo E. Lim Yeng, a spokesman for the Defense Forces, said that all of the allegations against Noriega and the Defense Forces are untrue.

Speaking about the Spadafora case, Lim Yeng said, according to the paper: "Spadafora had many enemies. The institution of the armed forces absolutely denies any ties to the death of Spadafora."

"These are political attacks," Lim Yeng added. "This campaign is trying to damage our institution."

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